



Capital Cities

INSTITUTIONAL INVESTING MADE PERSONAL

Rhode Island State Investment Commission 457 Plan Project

July 10, 2017



457 Plan Project

Summary of Findings and Recommendations

A comprehensive, independent investment review of the VALIC 457 Plan has been completed in light of the upcoming recordkeeper transition to TIAA.

Investment Menu

- The VALIC 457 Plan currently offers participants a diverse menu of investment options; however, an alternative investment menu can be considered given the upcoming recordkeeper conversion.
- Recommendations:
 - Retain the Vanguard Target Retirement Funds, but offer the full suite of the Target Date series in five-year increments to best meet participant demographics.
 - Offer a complete passive track within the Equity and Fixed Income Core options by adding Core Bond Index (Vanguard Total Bond Market Index) and International Equity Index (TIAA-CREF International Eq Index) Funds to reflect Rhode Island's low-cost objective.
 - Retain the active Core Plus Fixed Income (PIMCO) and International Equity (American Funds) Funds as Specialty Options given the opportunistic approach and diversification these Funds provide.
 - Replace the VALIC Fixed-Interest Account offering, as this option will no longer be available at the time of the recordkeeper conversion, with T. Rowe Price Stable Value Common Trust*.
 - Simplify the investment menu by eliminating the Active Large Cap offerings (Vanguard Dividend Growth and MFS Mass Investors Growth Stock) and Money Market option (American Century) given the overlap these Funds exhibit with the Plan's Tier II Core options.
 - Eliminate the High Yield Bond Fund (Federated) from the investment menu given low utilization.
 - Expand the investment menu by offering a Socially Responsible Investment (SRI) Fund, the TIAA-CREF Social Choice Equity Fund.
 - Offer a Self-Directed Brokerage Account (SDBA) full brokerage window option to participants to align the Plan's offerings with the Fidelity and Voya 457 Plans.

*T. Rowe Price Stable Value Common Trust Fund is subject to T. Rowe Price's approval.

457 Plan Project (contd.)

Summary of Findings and Recommendations

Investment Management Fees

- Alternative fee structures will be available to the Plan at the time of the recordkeeper transition.
- Recommendations:
 - Offer the least expensive share class/vehicle on a net cost basis for each investment option.
 - Replace Dreyfus Mid Cap Index with Vanguard Mid Cap Index and replace Dreyfus Small Cap Index with Vanguard Small-Cap Index in order to reduce passive investment management fees.

Manager Due Diligence

- All of the recommended investment options are in good to excellent standing from both a qualitative and quantitative perspective.

Investment Policy Statement

- A custom Investment Policy Statement will be prepared that reflects the new recordkeeper relationship, investment menu and industry best practices.

457 Plan Project

Recommended Mutual Fund Investment Menu

| Current Investment Menu | | | | |
|---|---------------------------------------|--------------------------------------|--|--|
| <div>Risk Spectrum</div> <div>Conservative</div> <div><div></div></div> <div>Aggressive</div> | Tier I. Lifestyle Options | Tier II. Core Options | Tier III. Specialty Options | |
| | Vanguard Target Retirement 2010 | VALIC Fixed-Interest | American Century U.S. Government MM | |
| | Vanguard Target Retirement 2020 | PIMCO Total Return | American Century Inflation-Adjusted Bond | |
| | Vanguard Target Retirement 2030 | Vanguard 500 Index | Federated High Yield Bond | |
| | Vanguard Target Retirement 2040 | American Funds EuroPacific Growth | Vanguard Dividend Growth | |
| | Vanguard Target Retirement 2050 | Dreyfus Midcap Index | MFS Mass Investors Growth Stock | |
| | | Dreyfus Small Cap Stock Index | | |
| Recommended Investment Menu | | | | |
| <div>Risk Spectrum</div> <div>Conservative</div> <div><div></div></div> <div>Aggressive</div> | Tier I. Lifestyle Options | Tier II. Core Options | Tier III. Specialty Options | Tier IV. Self-Directed Brokerage Account |
| | Vanguard Target Retire Income Trust I | T. Rowe Price Stable Value Common Tr | American Century Inf-Adjusted Bond | SDBA Full Brokerage Window |
| | Vanguard Target Retire 2015 Trust I | Vanguard Total Bond Market Index | PIMCO Total Return | |
| | Vanguard Target Retire 2020 Trust I | Vanguard Institutional Index | TIAA-CREF Social Choice Equity | |
| | Vanguard Target Retire 2025 Trust I | TIAA-CREF International Equity Index | American Funds EuroPacific Growth | |
| | Vanguard Target Retire 2030 Trust I | Vanguard Mid Cap Index | | |
| | Vanguard Target Retire 2035 Trust I | Vanguard Small-Cap Index | | |
| | Vanguard Target Retire 2040 Trust I | | | |
| | Vanguard Target Retire 2045 Trust I | | | |
| | Vanguard Target Retire 2050 Trust I | | | |
| | Vanguard Target Retire 2055 Trust I | | | |
| | Vanguard Target Retire 2060 Trust I | | | |
| | Vanguard Target Retire 2065 Trust I | | | |

457 Plan Project

Recommended Mutual Fund Investment Mapping

| Capital Preservation | Recommended Investment Option | Equity | Recommended Investment Options |
|---|---|---------------------------------------|---|
| American Century U.S. Government MM VALIC Fixed-Interest | → T. Rowe Price Stable Value Common Tr | Vanguard 500 Index | |
| | | Vanguard Dividend Growth | → Vanguard Institutional Index |
| | | MFS Mass Investors Growth Stock | |
| | | Dreyfus Midcap Index | → Vanguard Mid Cap Index; Instl |
| | | Dreyfus Small Cap Stock Index | → Vanguard Small-Cap Index |
| | | American Funds EuroPacific Growth; R4 | → American Funds EuroPacific Growth; R6 |
| Fixed Income | Recommended Investment Options | | |
| American Century Inflation-Adj Bd; Inv | → American Century Inflation-Adj Bd; R5 | | |
| PIMCO Total Return; A | → PIMCO Total Return; Instl | | |
| Federated High Yield Bond | | | |
| Target Date Funds | Recommended Investment Options | | |
| Vanguard Target Retirement 2010 | → Vanguard Target Retirement Income Trust I | | |
| Vanguard Target Retirement 2020 | → Vanguard Target Retirement 2020 Trust I | | |
| Vanguard Target Retirement 2030 | → Vanguard Target Retirement 2030 Trust I | | |
| Vanguard Target Retirement 2040 | → Vanguard Target Retirement 2040 Trust I | | |
| Vanguard Target Retirement 2050 | → Vanguard Target Retirement 2050 Trust I | | |

- Capital Cities recommends mapping existing mutual fund assets at VALIC to the most similar funds in the recommended TIAA investment menu at the time of the recordkeeper conversion.

457 Plan Project

Recommended Annuity Investment Mapping

Capital Preservation

Money Market I Fund

Capital Conservation

Fixed Account Plus

Short Term Fixed Account

Recommended Investment Option

→ T. Rowe Price Stable Value Common Trust

Fixed Income

Government Securities Fund

International Government Bond

Vanguard Lt Inv-Grade Fund

Recommended Investment Option

→ Vanguard Total Bond Market Index

Asset Allocation Funds

Asset Allocation Fund

Vanguard Wellington Fund, Inc.

Recommended Investment Option

→ Age-Appropriate Target Date Fund

Equity

Stock Index Fund

Core Equity Fund

Vanguard Windsor II

Dividend Value

Growth Fund

Large Capital Growth

Science & Technology Fund

Mid Cap Index

Mid Cap Strategic Growth

Small Cap Index Fund

Global Social Awareness Fund

Foreign Value

International Equities Fund

Emerging Economies

Recommended Investment Options

→ Vanguard Institutional Index

→ Vanguard Mid Cap Index

→ Vanguard Small-Cap Index

→ TIAA-CREF Social Choice Equity

→ TIAA-CREF International Equity Index

- VALIC Annuity products will be frozen to new contributions within the 457 Plan at the time of the recordkeeper transition.
- New contributions will be mapped as outlined above unless a participant makes new investment elections.

Investment Menu Review



Investment Structure Framework

Confirming the Current Investment Structure

Is the Plan's investment menu:



Designed to meet ERISA 404(c) and Qualified Default Investment Alternative (QDIA) regulations?*



Providing an investment solution for each type of investor?



Offering the optimal number of investments that provides sufficient diversification opportunity while minimizing participant confusion?



Appropriate in light of the current industry trends and regulations?



Meeting the State Investment Commission's unique preferences?

* While Rhode Island is not subject to ERISA, Capital Cities utilizes ERISA guidelines as a best practices' framework.

VALIC 457 Plan

Mutual Fund Asset Distribution as of March 31, 2017

| Fund | Style | Market Value | % of Plan Assets | # of Participants |
|--|---------------------|---------------------|------------------|-------------------|
| Large Cap Equity | | | | |
| Vanguard 500 Index | Passive Core Equity | \$7,321,380 | 15.8% | 469 |
| Vanguard Dividend Growth | Large Cap Blend | \$299,253 | 0.6% | 22 |
| MFS Mass Investors Growth Stock | Large Cap Growth | \$2,824,964 | 6.1% | 199 |
| Small and Mid Cap Equity | | | | |
| Dreyfus Midcap Index | Passive Mid Cap | \$6,643,510 | 14.3% | 480 |
| Dreyfus Small Cap Stock Index | Passive Small Cap | \$3,413,773 | 7.4% | 347 |
| International Equity | | | | |
| American Funds EuroPacific Growth | Non-U.S. Equity | \$1,821,993 | 3.9% | 296 |
| Lifestyle | | | | |
| Vanguard Target Retirement Funds | Target Date Funds | \$1,079,077 | 2.3% | 49 |
| Real Return/TIPS | | | | |
| American Century Inflation-Adjusted Bond | TIPS | \$804,267 | 1.7% | 168 |
| Fixed Income | | | | |
| Federated High Yield Bond | High Yield | \$176,263 | 0.4% | 10 |
| PIMCO Total Return | Core Plus | \$491,022 | 1.1% | 107 |
| Capital Preservation | | | | |
| VALIC Fixed-Interest Option | Fixed Interest | \$21,495,262 | 46.3% | 672 |
| American Century U.S. Government MM | Money Market | \$19,975 | 0.0% | 2 |
| | | \$46,390,739 | 100.0% | |


VALIC 457 Plan

Annuity Asset Distribution as of March 31, 2017

| Fund | Style | Market Value | % of Plan Assets | # of Participants |
|-----------------------------------|------------------------------|---------------------|------------------|-------------------|
| Large Cap Equity | | | | |
| Stock Index Fund | Passive Core Equity | \$1,076,933 | 7.8% | 80 |
| Core Equity | Large Cap Blend | \$83,851 | 0.6% | 1 |
| Dividend Value | Large Cap Value | \$7,320 | 0.1% | 2 |
| Vanguard Windsor II | Large Cap Value | \$28,656 | 0.2% | 10 |
| Large Cap Growth | Large Cap Growth | \$46,668 | 0.3% | 19 |
| Growth Fund | Large Cap Growth | \$4,585 | 0.0% | 49 |
| Small and Mid Cap Equity | | | | |
| Mid Cap Index | Passive Mid Cap Equity | \$35,428 | 0.3% | 38 |
| Mid Cap Strategic Growth | Mid Cap Equity | \$910,955 | 6.6% | 16 |
| Small Cap Index | Passive Small Cap Equity | \$161,163 | 1.2% | 12 |
| International Equity | | | | |
| International Equities Index Fund | Passive International Equity | \$3,540 | 0.0% | 8 |
| Foreign Value | International Equity | \$576 | 0.0% | 1 |
| Emerging Economies | International Equity | \$13,272 | 0.1% | 11 |
| Specialty | | | | |
| Global Social Awareness | Global Equity | \$39,875 | 0.3% | 9 |
| Science & Technology Fund | Science & Technology | \$178,574 | 1.3% | 38 |
| Asset Allocation/Balanced | | | | |
| Asset Allocation Fund | Asset Allocation/Balanced | \$94,395 | 0.7% | 9 |
| Vanguard Wellington Fund | Asset Allocation/Balanced | \$212,125 | 1.5% | 18 |
| Fixed Income | | | | |
| Government Securities Fund | Investment Grade Fixed Inc | \$45,848 | 0.3% | 3 |
| Vanguard Lt Inv-Grade Fund | Investment Grade Fixed Inc | \$8,606 | 0.1% | 2 |
| International Government Bond | International Fixed Income | \$342,289 | 2.5% | 1 |
| Capital Preservation | | | | |
| Capital Conservation | Capital Preservation | \$3,950 | 0.0% | 2 |
| Short Term Fixed Account | Fixed Account | \$165,374 | 1.2% | 1 |
| Fixed Account Plus | Fixed Account | \$10,248,509 | 74.5% | 223 |
| Money Market I Fund | Money Market | \$37,953 | 0.3% | 2 |
| | | \$13,750,443 | 100.0% | |

VALIC 457 Plan's Investment Menu

Mutual Fund Investment Menu Overview

| Investment Menu | | | |
|---|---------------------------------|-----------------------------------|--|
| Risk Spectrum | Tier I. Lifestyle Options | Tier II. Core Options | Tier III. Specialty Options |
| Conservative | | | |
|  | Vanguard Target Retirement 2010 | VALIC Fixed-Interest | American Century U.S. Government MM |
| | Vanguard Target Retirement 2020 | PIMCO Total Return | American Century Inflation-Adjusted Bond |
| | Vanguard Target Retirement 2030 | Vanguard 500 Index | Federated High Yield Bond |
| | Vanguard Target Retirement 2040 | American Funds EuroPacific Growth | Vanguard Dividend Growth |
| | Vanguard Target Retirement 2050 | Dreyfus Midcap Index | MFS Mass Investors Growth Stock |
| Aggressive | | Dreyfus Small Cap Stock Index | |

- The VALIC 457 Plan currently offers participants a diverse menu of investment options; however, an alternative investment menu can be considered given the upcoming recordkeeper conversion.
- Each type of investment option (Tier I: Lifestyle, Tier II: Core and Tier III: Specialty) is further examined within this presentation.

Tier I: Target Date Funds

Best Practices for Fiduciaries*

Department of Labor's Tips for Fiduciaries

The DOL issued “**Target Date Retirement Funds - Tips for ERISA Plan Fiduciaries**” in 2013, which includes the following guidance, among other items:

- ✓ Establish a process for comparing and selecting target date funds.
- ✓ Establish a process for the periodic review of selected target date funds.
- ✓ Understand the funds' investments – the allocation in different asset classes (stocks, bonds, cash), individual investments and how these will change over time.
- ✓ Review the funds' fees and investment expenses.
- ✓ Inquire about whether custom or non-proprietary target date funds would be a better fit for your Plan.
- ✓ Take advantage of available sources of information to evaluate the target date funds and recommendations you received regarding the target date funds' selection.
- ✓ Document the process.

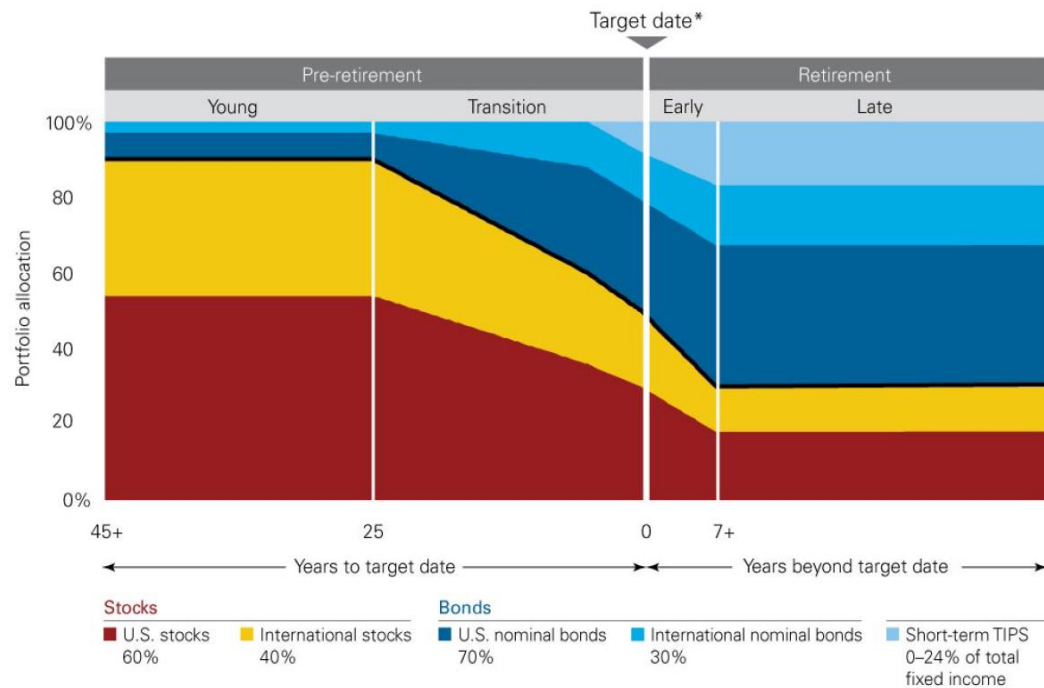
* While Rhode Island is not subject to ERISA, Capital Cities utilizes ERISA guidelines as a best practices' framework.

Tier I: Target Date Funds

Vanguard Target Retirement Funds' Overview

Vanguard Target Retirement Funds Overview:

- Transparent, straightforward, passive approach.
- Broad market exposure to major asset classes.
- Simplistic construction relative to peers.
- Automatically becomes more conservative over time (also known as “glide path”) until landing at a static asset allocation seven years post-retirement.
- Near Morningstar industry average asset allocation.
- Performance closely tied to the Funds’ benchmarks.



- The Vanguard Target Retirement Funds are suitable, low-cost, off-the-shelf lifestyle options for participants.
- **Recommendation:** Retain the Vanguard Target Retirement Funds, but offer the full suite of the Target Date series in five-year increments to best meet participant demographics.

Tier II: Core Options

Core Options' Review

| | Basic Building Block: | New Tier II Core Menu: | Move to Tier III Specialty Menu: | Asset Class Coverage: |
|--------------|-----------------------------|---|-----------------------------------|-----------------------|
| Fixed Income | Capital Preservation | VALIC Fixed-Interest | | ✓ |
| | Core/Core Plus Fixed Income | New: Vanguard Total Bond Market Index | PIMCO Total Return | ✓ |
| Equity | Large Cap Equity | Vanguard 500 Index | | ✓ |
| | International Equity | New: TIAA-CREF International Equity Index | American Funds EuroPacific Growth | ✓ |
| | Small/Mid Cap Broad Equity | Dreyfus Midcap Index Dreyfus Small Cap Stock Index | | ✓ |

- The Plan offers exposure to each major asset class, allowing participants to build their own broadly diversified portfolios.
- **Recommendations:**
 - Offer a complete passive track within the Equity and Fixed Income Core options by adding Core Bond Index (Vanguard Total Bond Market Index) and International Equity Index (TIAA-CREF International Eq Index) Funds to reflect Rhode Island's low-cost objective.
 - Retain the active Core Plus Fixed Income (PIMCO) and International Equity (American Funds) Funds as Specialty Options given the opportunistic approach and diversification these Funds provide.
 - Replace the VALIC Fixed-Interest Account offering, as this option will no longer be available at the time of the recordkeeper conversion, with T. Rowe Price Stable Value Common Trust*.

*T. Rowe Price Stable Value Common Trust Fund is subject to T. Rowe Price's approval.

Tier III: Specialty Options

Specialty Options' Review

- The **American Century U.S. Government Money Market** serves as a capital preservation investment option.
- The **American Century Inflation-Adjusted Bond** provides participants with an inflation-hedge/real return-type offering and reflects the trend of most defined contribution plans.
- **Federated High Yield Bond** invests in below-investment-grade securities, providing exposure to the higher-yielding, lower-rated, corporate bond market.
- **Vanguard Dividend Growth** and **MFS Mass Investors Growth Stock** are active Large Cap Equity options.

Tier III. Specialty Options

American Century U.S. Government MM

American Century Inflation-Adjusted Bond

Federated High Yield Bond

Vanguard Dividend Growth

MFS Mass Investors Growth Stock

- Specialty options are designed to allow participants the opportunity to further diversify their portfolios; however, these types of options can present participant communication and education challenges.
- **Recommendations:**
 - **Simplify the investment menu by eliminating the Active Large Cap offerings (Vanguard Dividend Growth and MFS Mass Investors Growth Stock) and Money Market option (American Century) given the overlap these Funds exhibit with the Plan's Tier II Core options.**
 - **Eliminate the High Yield Bond Fund (Federated) from the investment menu given low utilization (0.4% of Mutual Fund Plan assets). The Plan's Core Plus Fund (PIMCO Total Return) also opportunistically invests in High Yield.**

Tier III: Specialty Options

New Option: Socially Responsible Option

Socially Responsible Overview:

- The Socially Responsible Investment (SRI) discipline considers environmental, social, and/or corporate governance (ESG) criteria in attempt to generate competitive returns and positive societal impact.
- Negative (exclusion of tobacco, alcohol, etc.) and positive (community impact, environmental benefit, etc.) screening are common approaches for SRI-related mandates.

Potential Criteria

| Environmental | Social | Governance |
|--------------------------------|----------------------|----------------------------|
| Climate change | Gender and diversity | Board competition |
| Air and water pollution | Human rights | Executive compensation |
| Energy efficiency | Labor standards | Audit committee structure |
| Waste management | Employee engagement | Bribery and corruption |
| Biodiversity and deforestation | Community relations | Lobbying and contributions |

- **Recommendation: Expand the investment menu by offering a SRI Fund, the TIAA-CREF Social Choice Equity Fund.**
- TIAA-CREF Social Choice Equity meets Rhode Island's low-cost objective, provides participants the ability to reflect a SRI bias within their portfolios, and complements the Plan's passive Domestic Equity offerings.

Tier IV: Self-Directed Brokerage Option

New Tier: Self-Directed Brokerage Option

Self-Directed Brokerage Accounts Overview:

- A Self-Directed Brokerage Account (SDBA) provides a broad range of investment alternatives to experienced investors who prefer to do their own trading outside of the Plan's investment menu.
- Usage is heavily influenced by participant demographics, communication and fees.
- SDBAs are intended to meet the needs of sophisticated investors.

Types of SDBAs:

- 1) **Full Brokerage Window**- offers full spectrum of stocks, bonds and mutual funds
- 2) **Mutual Fund Window**- offers only mutual funds
- 3) **Limited Mutual Fund Window**- plan sponsor limits the mutual funds offered

- **Recommendation: Offer a SDBA full brokerage window option to participants to align the Plan's offerings with the Fidelity and Voya 457 Plans.**

Investment Management Fees' Review

Investment Management Fees

Fee Summary

| Current Investment Options | Style | Ticker | Expense Ratio | | Recommended Investment Options | Ticker | Expense Ratio | Morningstar Fee Level |
|-------------------------------------|---------------------|--------------|---------------|---|---|-----------------------|---------------|-----------------------|
| Domestic Equity | | | | | | | | |
| Vanguard 500 Index | Passive Core Equity | VFIAX | 0.04% | → | Vanguard Institutional Index | VINIX | 0.04% | Low |
| Vanguard Dividend Growth | Large Cap Blend | VDIGX | 0.30% | | Eliminated (Mapped to Vanguard Instl Index) | | | |
| MFS Mass Investors Growth Stock | Large Cap Growth | MIGHX | 0.74% | | Eliminated (Mapped to Vanguard Instl Index) | | | |
| New: SRI Equity | | | | | TIAA-CREF Social Choice Equity | TISCX | 0.19% | Low |
| Dreyfus Midcap Index | Passive Mid Cap | PESPX | 0.50% | → | Vanguard Mid Cap Index | VMCIX | 0.05% | Low |
| Dreyfus Small Cap Stock Index | Passive Small Cap | DISSX | 0.50% | → | Vanguard Small-Cap Index | VSCIX | 0.05% | Low |
| International Equity | | | | | | | | |
| American Funds EuroPacific Growth | Non-U.S. Equity | RREX | 0.85% | → | American Funds EuroPacific Growth | RERGX | 0.50% | Low |
| New: Passive International Equity | | | | | TIAA-CREF International Equity Index | TCIEX | 0.06% | Low |
| Lifestyle | | | | | | | | |
| Vanguard Target Retirement Funds | Target Date Funds | Mutual Funds | 0.13%-0.16% | → | Vanguard Target Retirement Funds | Collective Inv Trusts | 0.07% | Low |
| Real Return/TIPS | | | | | | | | |
| American Century Infl-Adjusted Bond | TIPS | ACITX | 0.47% | → | American Century Infl-Adjusted Bond | AIANX | 0.27% | Low |
| Fixed Income | | | | | | | | |
| Federated High Yield Bond | High Yield | FIHBX | 0.50% | | Eliminated (Mapped to PIMCO Total Return) | | | |
| PIMCO Total Return | Core/Core Plus | PTTAX | 0.85% | → | PIMCO Total Return | PTTRX | 0.46% | Below Average |
| New: Passive Fixed Income | | | | | Vanguard Total Bond Market Index | VBTLX | 0.05% | Low |
| Capital Preservation | | | | | | | | |
| VALIC Fixed-Interest Option | Fixed Interest | | -- | → | T. Rowe Price Stable Value Common Tr | -- | 0.49% | -- |
| American Century U.S. Government MM | Money Market | TCRXX | 0.46% | | Eliminated (Mapped to TRP Stable Value Common Tr) | | | -- |

- Alternative fee structures will be available to the Plan at the time of the recordkeeper transition.
- Recommendations:**
 - Offer the least expensive share class/vehicle on a net cost basis for each investment option.
 - Replace Dreyfus Mid Cap Index with Vanguard Mid Cap Index and replace Dreyfus Small Cap Index with Vanguard Small-Cap Index in order to reduce passive investment management fees.
- Investment management expenses for the recommended investment menu (excluding the capital preservation assets) will be reduced by ~\$76,000/annually.
- All of the investment options within the Plan will offer attractive fees relative to Morningstar peers.

Manager Due Diligence



Qualitative and Quantitative Review

Stoplight Grid Summary

Tier I: Lifestyle Funds

| Criteria | Vanguard Target Retirement Funds |
|-------------------------------|----------------------------------|
| Qualitative Review | ● |
| Long Term Performance (5-Yr) | ● |
| Short Term Performance (3-Yr) | ● |

Tier II: Core Options

| Criteria | T. Rowe Price Stable Value Common Tr | Vanguard Total Bond Market Index | Vanguard Instl Index | TIAA-CREF International Equity | Vanguard Mid Cap Index | Vanguard Small-Cap Stock Index |
|-------------------------------|--------------------------------------|----------------------------------|----------------------|--------------------------------|------------------------|--------------------------------|
| Qualitative Review | ● | ● | ● | ● | ● | ● |
| Long Term Performance (5-Yr) | ● | ● | ● | ● | ● | ● |
| Short Term Performance (3-Yr) | ● | ● | ● | ● | ● | ● |

Tier III: Specialty Options

| Criteria | American Century Inflation-Adjusted Bond | PIMCO Total Return | TIAA-CREF Social Choice Equity | American Funds EuroPacific Growth |
|-------------------------------|--|--------------------|--------------------------------|-----------------------------------|
| Qualitative Review | ● | ● | ● | ● |
| Long Term Performance (5-Yr) | ● | ● | ● | ● |
| Short Term Performance (3-Yr) | ● | ● | ● | ● |

| Legend | |
|--------|--|
| ● | Everything is good to excellent in this area |
| ● | Caution is warranted but action is not required at this time |
| WL | Watchlist Status |
| ● | Action is required or is being taken |



Investment Policy Statement

Investment Policy Statement

IPS Review

An Investment Policy Statement fulfills the most important function a Fiduciary performs.



To set investment policy and implementation guidelines.

Additional Benefits of an IPS

- Supports the “Paper Trail” and Provides the Best Defense in Litigation
- Negates “Monday Morning Quarterbacking” and Provides Continuity During Personnel Turnover
- Keeps Investment Process Intact During Periods of Market Upheaval
- Reassures Participants and Beneficiaries of Investment Stewardship

Sections of a Well-Written IPS

1. Purpose
2. Plan Summary
3. Statement of Objectives
4. Responsibilities
5. Guidelines and Investment Policy
6. Securities Guidelines
7. Selection of Investment Managers
8. Control Procedures
9. IPS Review and Evaluation
10. Monitoring of Investment Managers

Appendix

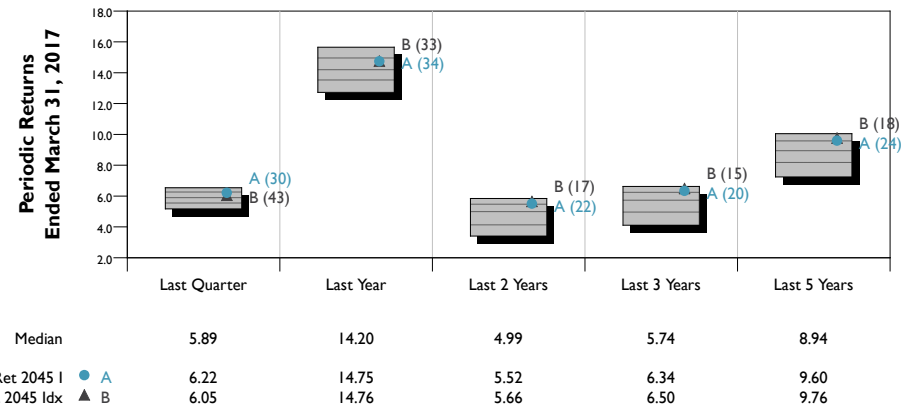
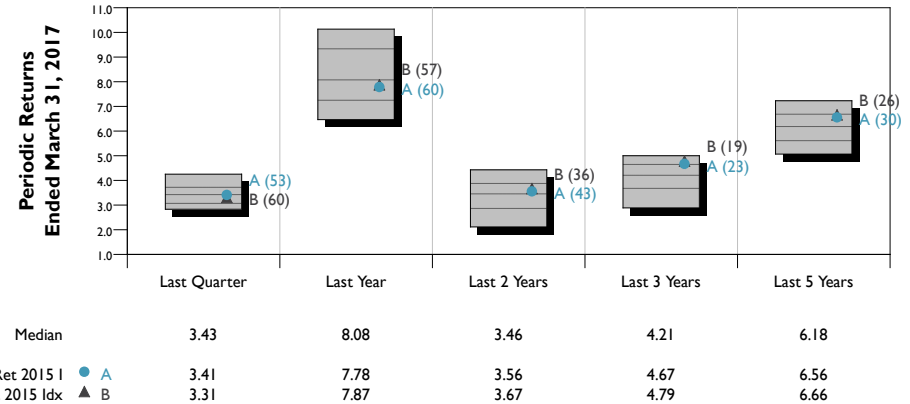


Tier I: Target Date Funds

Target Date Funds' Search

| Target Date Series | Elimination Reason |
|---------------------------------------|-------------------------------------|
| American Century One Choice | Active |
| American Funds Target Date Retirement | Active |
| BlackRock LifePath Dynamic | Active |
| BlackRock LifePath Index | Price |
| Fidelity Freedom | Offered in the RI Fidelity 457 Plan |
| Fidelity Freedom Index | Price |
| John Hancock Multi-Index Preservation | Active |
| John Hancock Multimanager Lifetime | Active |
| JPMorgan SmartRetirement | Active |
| Manning & Napier Target | Active |
| MFS Lifetime | Active |
| Principal LifeTime | Active |
| Russell LifePoints Strategy | Active |
| Schwab Target | Active |
| State Farm Lifepath | Price |
| T. Rowe Price Retirement | Active |
| TIAA-CREF Lifecycle Index | Price |
| Vanguard Target Retirement | |
| Voya Solution | Offered in the RI Voya 457 Plan |
| Wells Fargo DJ Target | Undergoing a revamp July 2017 |

| |
|---------------|
| Legend: |
| Semi-Finalist |
| Finalist |



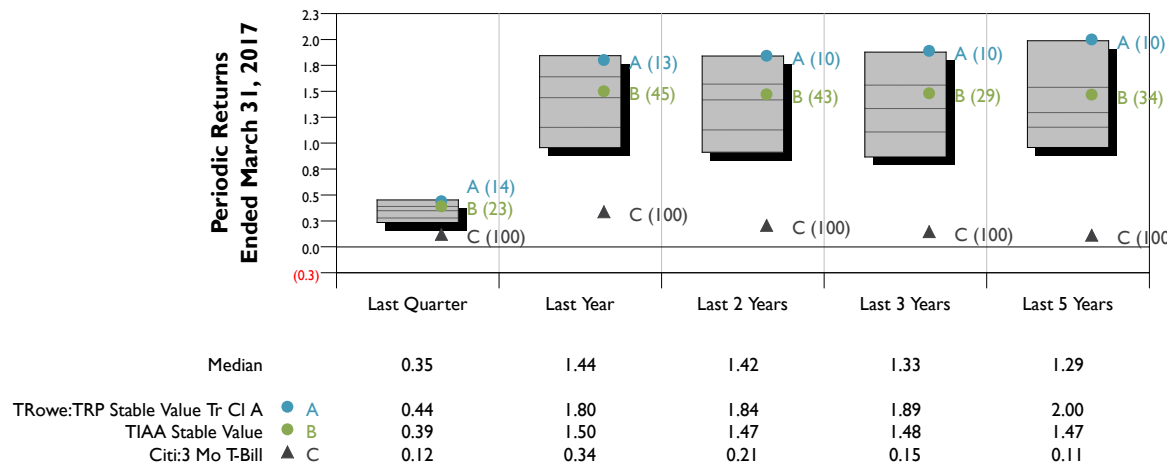
*A sampling of the Target Date Funds' performance is shown above.

Tier II: Core Options

Capital Preservation Search

| | Stable Value Funds | Expense | Elimination Notes |
|----|--|----------------|--|
| 1 | Columbia Trust Stable Government Fund | 0.47% | Product (Government) |
| 2 | Columbia Trust Stable Income Fund I-0 | 0.40% | Performance |
| 3 | Federated Capital Preservation Fund | 0.46% | Performance |
| 4 | Galliard Retirement Income Fund | 0.66% | Price |
| 5 | Goldman Sachs Stable Value Collective Trust | 0.59% | Price |
| 6 | Invesco Stable Value Trust Fund | 0.62% | Discontinuance Provision (Lesser of BV or MV or 24-Month Put); Price |
| 7 | MetLife SV Solutions Fund | 0.47% | Discontinuance Provision (Lesser of BV or MV or MetLife GIC) |
| 8 | MetLife Stable Value Fund | 0.62% | Discontinuance Provision (Lesser of BV or MV or MetLife GIC); Price |
| 9 | Morley Stable Value | 0.55% | Performance; Price |
| 10 | New York Life Anchor Account | 0.47% | Performance |
| 11 | Putnam Stable Value | 0.34% or 0.42% | Product (Currently 34% Exposure to Traditional GIC) |
| 12 | T. Rowe Price Stable Value Common Trust | 0.49% | |
| 13 | TIAA Stable Value | 0.35% | 0.40% Reduction in Crediting Rate for Multi-Platform Charge |
| 14 | Wells Fargo Stable Return | 0.82% | Price |

| |
|---------------|
| Legend: |
| Semi-Finalist |
| Finalist |



* TIAA Stable Value performance reflects Rhode Island's 401(a) Plan performance with a 0.40% annual reduction to account for the multi-platform fee that would be charged to the 457 Plan.

Tier II: Core Options

Capital Preservation Search

| Organization | T. Rowe Price | TIAA |
|-------------------------------|---|---|
| Product Name | T. Rowe Price Stable Value Common Trust Class A | TIAA Stable Value |
| Stable Value Inception Date | 1988 | 2010 |
| Ownership Structure | T. Rowe Price Associates, Inc. is a wholly-owned Subsidiary of T. Rowe Price Group, Inc. (NYSE: TROW) | Nuveen operates as a separate subsidiary of TIAA. TIAA is a fortune 100 company that operates as a non-profit serving retirement and college savings globally. |
| Firm Information | T. Rowe Price was founded in 1937 and is headquartered in Baltimore, Maryland. The company has been managing institutional portfolios since 1951 and currently has greater than \$810b in assets under management. TRP manages \$22.4b in Stable Value. | TIAA purchased Nuveen in 2014 and announced. In January 2017, TIAA announced that Nuveen would become the umbrella brand for its asset management and investment groups that oversee TIAA mutual funds. The combined organization manages approximately \$900b in assets. TIAA manages \$160.9 billion in Stable Value assets. |
| Investment Philosophy | The Fund seeks maximum current income while maintaining stability of principal. | The Fund seeks capital preservation and income. |
| Investment Process | The Fund will invest primarily in Guaranteed Investment Contracts (GICs), Bank Investment Contracts (BICs), Synthetic Investment Contracts (SICs), and Separate Account Contracts (SACs). GICs, BICs, SICs, and SACs are types of investment contracts that are designed to provide principal stability and a competitive yield. Portfolio construction--Unwrapped Reserves: 5-10%; SICs/SACs: 30-50% Short-Term Bond, 30-50% Intermediate-Term Bond and 5-15% Core Bond; and, 0-5% GICs. | The Separate Account, used as the first line of collateral supporting contract guarantees, is managed and maintained by TIAA. The Separate Account investment strategy is similar to that of TIAA's General Account, but has a shorter maturity profile and a single-A credit quality. The Separate Account's strategy subscribes to both a buy and hold investment approach that seeks predictable income flows to support competitively attractive returns compared with competing annuity products and products with an active management investment approach. Assets are not marked to market but are rather accounted for at book value. |
| Manager Diversification | All assets are managed by TRP. | All assets are managed by TIAA. |
| Wrap Provider Diversification | 11 wrap providers | Separate Account Collateral Portfolio backed by TIAA's General Account |
| Key Professionals | Robert Madore, Antonio Luna and Benjamin Gugliotta | The collateral portfolios supporting TIAA's insurance obligations are managed by large teams within both the global private markets and global public markets groups. These teams are headed by Heather Davis and Lisa Black, respectively. They have extensive teams of portfolio managers, research analysts and traders who have roles and responsibilities related to the various portfolios. Nicholas Liolis is Senior Managing Director and Chief Investment Officer for the TIAA General Account. The TIAA General Account is the separate account supporting TIAA Stable Value. |
| Market/Book Value | 101.30% | The TIAA Stable Value contract is a separate account-backed guaranteed annuity contract that is evergreen in nature. The concept of a market-to-book ratio is not applicable to this contract, which is valued at book value. |
| Crediting Rate Declared | Quarterly | January 1st and July 1st |
| Discontinuance Provision | 12-Month Put | Within 90 days of discontinuance date or two years from discontinuance date (0.75% crediting rate reduction applies during two-year period) |
| Vehicle | Collective Investment Trust | Group Annuity Contract |
| Expense | 0.49% | 0.75% (0.35% Expense + 0.40% Crediting Rate Deduction for Multi-Platform Charge) |
| | | |
| | | |

Tier II: Core Options

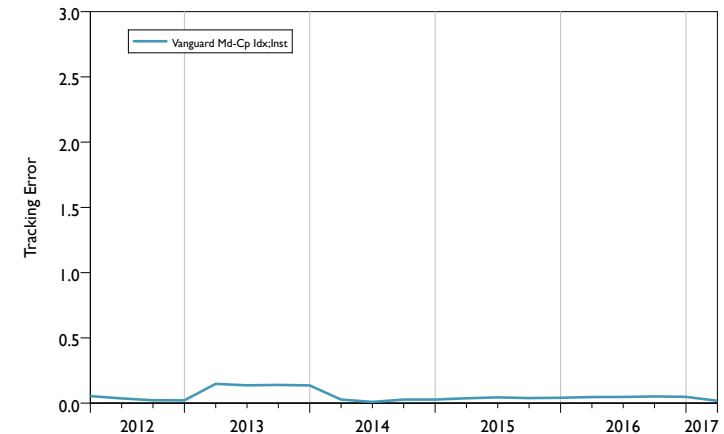
Passive Mid Cap and Small Cap Funds' Search

| Passive Mid Cap Equity | | Notes |
|------------------------|---|----------------------|
| 1 | Dreyfus Mid Cap Index I | Price (0.25%) |
| 2 | BlackRock Midcap Index K | Price (0.08%) |
| 3 | Nationwide Mid Cap Market Idx R6 | Price (0.27%) |
| 4 | Principal MidCap S&P 400 Index Inst | Price (0.20%) |
| 5 | Vanguard Mid Cap Index Institutional | Price (0.05%) |
| 6 | Vanguard S&P Mid-Cap 400 Index I | Price (0.08%) |

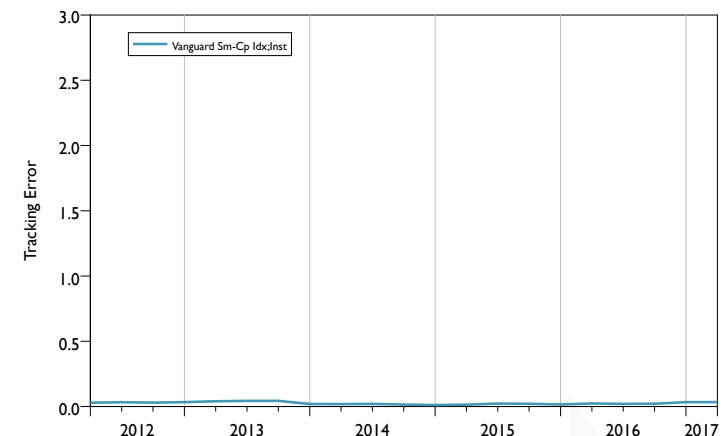
| Passive Small Cap Equity | | Notes |
|--------------------------|---------------------------------------|----------------------|
| 1 | Dreyfus Small Cap Stock Index I | Price (0.26%) |
| 2 | Schwab Small Cap Index | Price (0.05%) |
| 3 | Blackrock Small Cap Index K | Price (0.08%) |
| 4 | Nationwide Small Cap Index R6 | Price (0.26%) |
| 5 | Principal SmallCap S&P 600 Index Inst | Price (0.21%) |
| 6 | TIAA-CREF Small-Cap Blend Idx Inst | Price (0.06%) |
| 7 | Vanguard Small Cap Index Intl | Price (0.05%) |

| |
|-----------------|
| Legend: |
| Semi-Finalist |
| Finalist |

Rolling 4 Quarter Tracking Error Relative To Spliced Mid Cap Index* for 5 Years Ended March 31, 2017



Rolling 4 Quarter Tracking Error Relative To Vang Small Cap Index Blended Benchmark for 5 Years Ended March 31, 2017



Tier II: Core Options

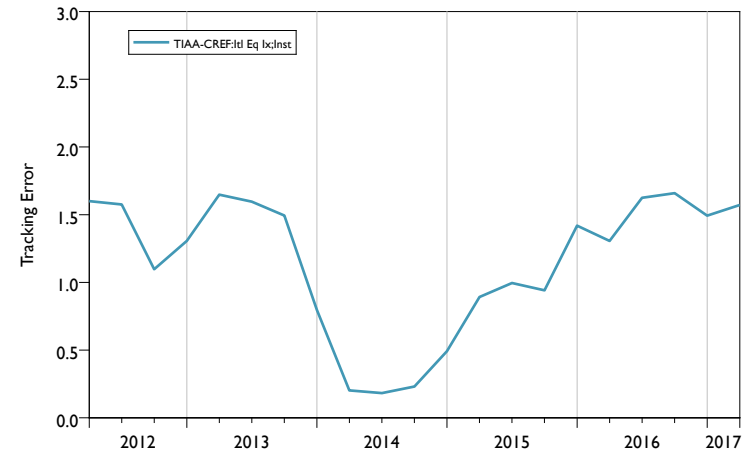
Passive International and Fixed Income Funds' Search

| Passive International Equity | | Notes |
|------------------------------|---|---------------|
| 1 | BlackRock International Index K | Price (0.06%) |
| 2 | BlackRock Total Intl ex US Idx K | Price (0.11%) |
| 3 | Deutsche EAFE Equity Index Institutional | Price (0.33%) |
| 4 | Nationwide International Index R6 | Price (0.31%) |
| 5 | Principal International Eq Index Instl | Price (0.35%) |
| 6 | Schwab International Index | Price (0.06%) |
| 7 | TIAA-CREF International Eq Idx Instl | Price (0.06%) |
| 8 | Vanguard Developed Markets Index Admiral | Price (0.07%) |
| 9 | Vanguard FTSE All-World ex-US Idx Admiral | Price (0.11%) |
| 10 | Vanguard Total Intl Stock Index Admiral | Price (0.11%) |

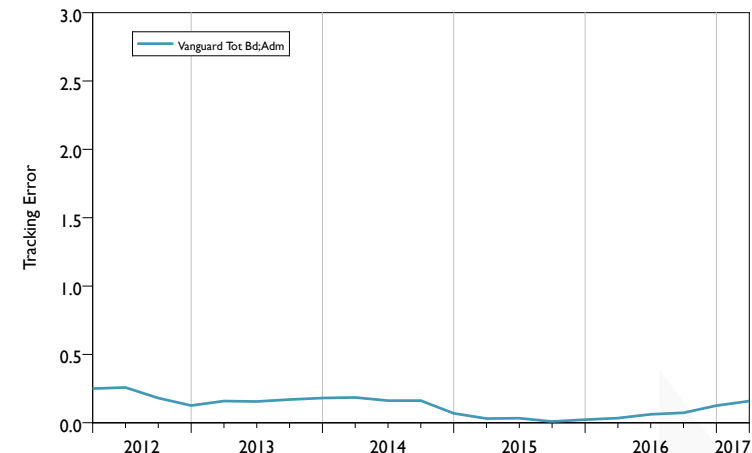
| Passive Fixed Income | | Notes |
|----------------------|--------------------------------------|---------------|
| 1 | Deutsche US Bond Index Institutional | Price (0.16%) |
| 2 | Nationwide Bond Index R6 | Price (0.26%) |
| 3 | Principal Bond Market Index Instl | Price (0.25%) |
| 4 | BlackRock US Total Bond Index K | Price (0.05%) |
| 5 | TIAA-CREF Bond Index Institutional | Price (0.12%) |
| 6 | Vanguard Total Bond Market Index Adm | Price (0.05%) |

| |
|---------------|
| Legend: |
| Semi-Finalist |
| Finalist |

Rolling 4 Quarter Tracking Error Relative To MSCI:EAFE for 5 Years Ended March 31, 2017



Rolling 4 Quarter Tracking Error Relative To Blmbg:Aggregate Float Adj for 5 Years Ended March 31, 2017

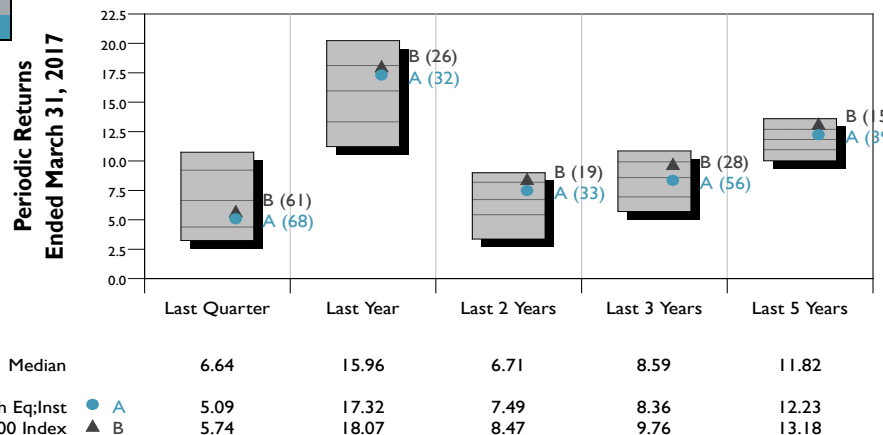


Tier III: Specialty Funds

Socially Responsible Search

| Name of Firm | Product | Elimination Notes |
|---------------------|------------------------------------|---|
| 1 Parnassus | Core Equity Investor | Price (.87% Management Fee); People (Key PM Risk) |
| 2 Vanguard | FTSE Social Index Inv | Philosophy/Process (Passive) |
| 3 TIAA-CREF | Social Choice Eq | |
| 4 Ave Maria | Rising Dividend Fund | Price (.93% Expense Ratio); Performance (Score 7/40) |
| 5 Calvert | US Large Cap Core Rspnb Idx A | Price (1.32% Expense Ratio); Philosophy/Process (Passive) |
| 6 Domini | Impact Equity Investor | Performance (Score 0/40); Price (.80% Expense Ratio) |
| 7 GuideStone | Funds Equity Index Investor | Price (.98% Expense Ratio) |
| 8 Pax | Large Cap Fund Individual Investor | Price (.96% Expense Ratio); Product (Short Track Record) |
| 9 Sentinel | Sustainable Core Opp I | Product (\$390mm in Strategy); Price (1% Expense Ratio) |
| 10 Steward | Large Cap Enhanced Index Indv | Product (\$371.4mm in Strategy); Price (1% Expense Ratio) |
| 11 Dreyfus | Sustainable US Equity A | Product (\$316.9mm in Strategy); Price (1% Expense Ratio) |
| 12 American Century | Sustainable Equity Inv | Product (\$221.1mm in Strategy), Short Track Record; Price (1% Expense Ratio) |
| 13 Walden | Equity | Product (\$187mm in Strategy); \$100,000 minimum; Price (1% Expense Ratio) |
| 14 Pax | ESG Beta Dividend Fund Indl Inv | Product (\$137.7mm in Strategy); Price (.90% Expense Ratio) |
| 15 Gabelli | ESG AAA | Product (\$67mm in Strategy); Price (1.25% Expense Ratio) |
| 16 BlackRock | Impact US Equity Investor A | Product (\$35.5mm in Strategy, Short Track Record); Price (1.56% Expense Ratio) |
| 17 Epiphany | FFV A | Product (\$26.3mm in Strategy); Price (1.5% Expense Ratio) |
| 18 John Hancock | ESG Large Cap Core A | Product (\$18.6mm in Strategy); Price (1.13% Expense Ratio) |
| 19 JPMorgan | Intrepid Sustainable Equity A | Product (\$18.1mm in Strategy); Price (1.05% Expense Ratio) |
| 20 TCW | New America Premier Equities N | Product (\$12.8mm in Strategy, Short Track Record); Price (1.04% Expense Ratio) |
| 21 Glenmede | Responsible ESG US Equity | Product (\$11mm in Strategy, Short Track Record); Price (1% Expense Ratio) |

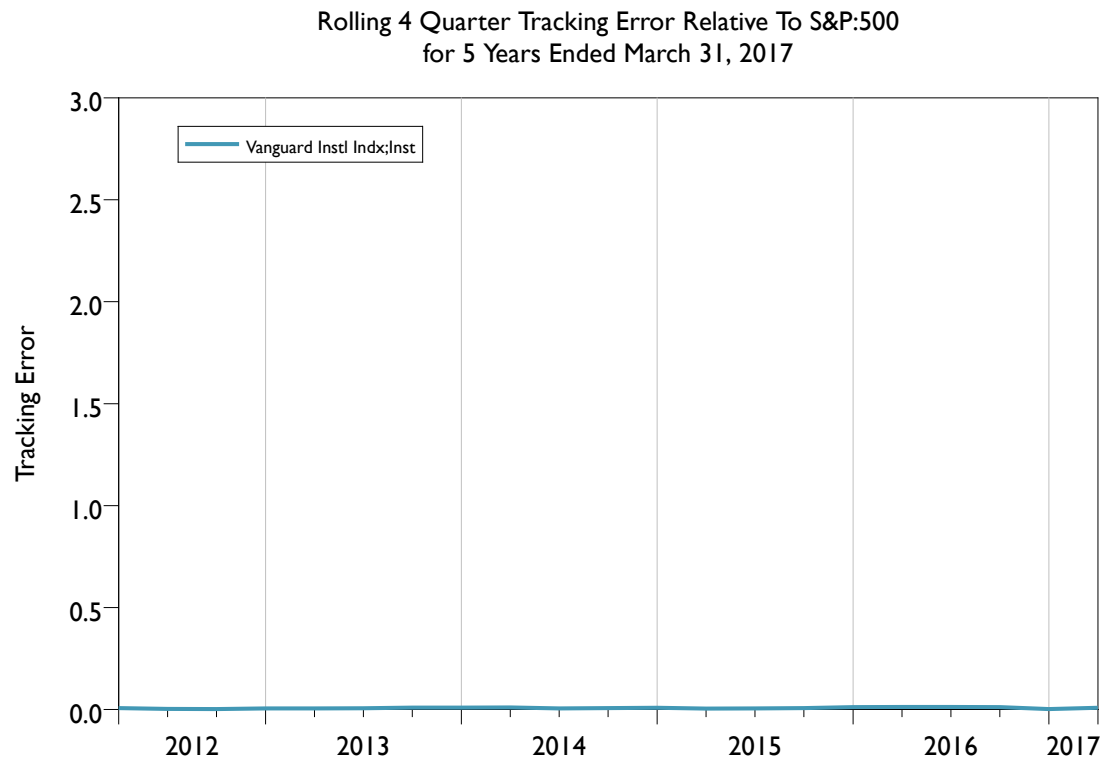
| |
|---------------|
| Legend: |
| Semi-Finalist |
| Finalist |



| Organization | TIAA |
|-------------------------|--|
| Product Name | Social Choice Equity Fund |
| Product Inception Date | 07/01/99 |
| Ownership Structure | Nuveen operates as a separate subsidiary of TIAA. TIAA is a fortune 100 company that operates as a non-profit serving retirement and college savings globally. |
| Firm Information | TIAA purchased Nuveen in 2014 and announced. In January 2017, TIAA announced that Nuveen would become the umbrella brand for its asset management and investment groups that oversee TIAA mutual funds. The combined organization manages approximately \$900b in assets. |
| Investment Philosophy | The strategy focuses on identifying companies with positive ESG portfolios rather than excluding bad ones. In doing so, TIAA believes that they can build a diversified portfolio that tracks the risk/return metrics of the Russell 3000 Index while only investing in socially responsible companies. |
| Stock Selection | The Social Investment Team at MSCI ranks the constituents of the MSCI Investible Market Index according to the social criteria set out by TIAA's Social and Community Investing Unit. Starting with approximately 2,600 stocks, the screens pass around 1,200. These screens do a good job of identifying firms with attractive ESG profiles. The Quantitative team at TIAA then optimizes a well-diversified portfolio from the passed stocks that aims to mimic the risk profile of the Russell 3000 Index. The strategy will have active positions versus the benchmark as the screens will eliminate top holdings if they do not possess a strong ESG profile. |
| # of holdings | 700-1000 |
| Turnover | 16% |
| Benchmark Awareness | The Fund seeks to possess the risk profile of the Russell 3000 Index but in a socially responsible way. This means that the Fund will not have large deviations in sector weightings but will exclude constituents that don't meet EGS requirements. |
| Wtd. Average Market Cap | \$41.347mm |
| Key Professionals | Amy O'Brien (Head of Social Investing), Philip Campagna (PM), Lei Liao (PM) |
| Assets In Product | \$2.6b |
| Vehicle/Ticker | TISCX |
| Fees | 0.19% |

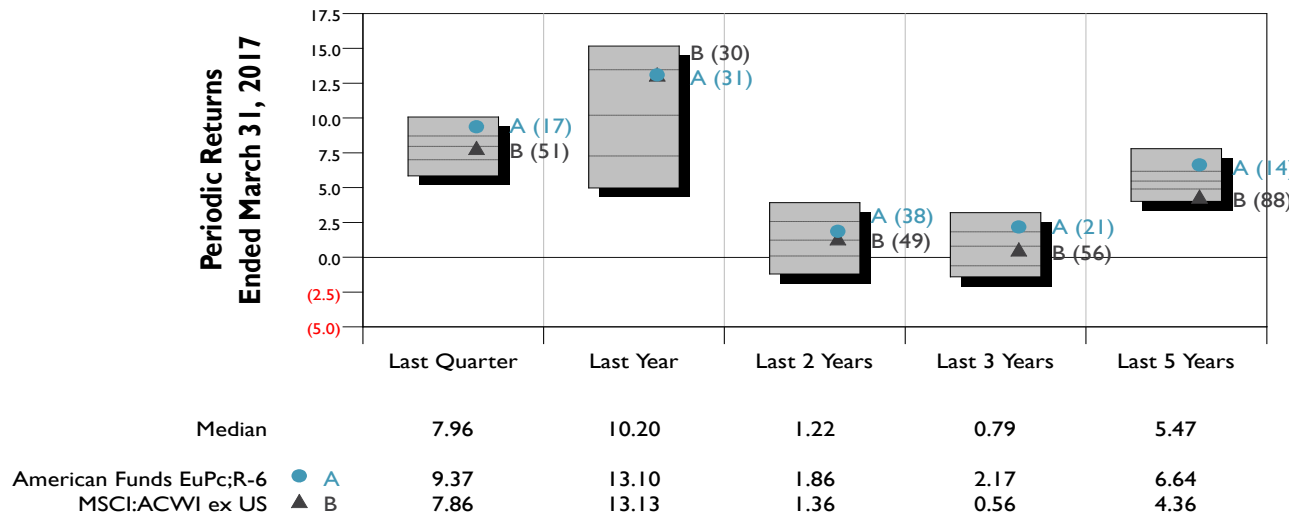
Quantitative Review

Passive Equity



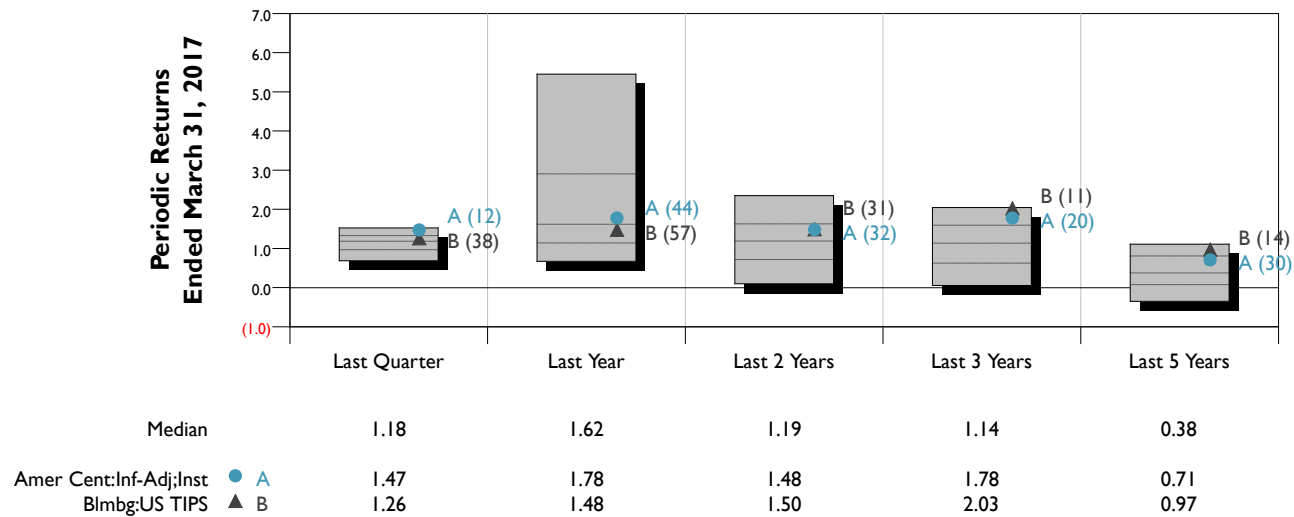
Quantitative Review

International Equity



Quantitative Review

Real Return/TIPS



Quantitative Review

Fixed Income

